

## **Procedure No. 4-05**

### **SEMIANNUAL AUDIT FOLLOW-UP REPORT**

#### **PURPOSE**

To establish the procedure for following up on the implementation of City Auditor report recommendations and to ensure that the procedures in Section 196 of the City Administrative Manual (CAM) are adhered to.

#### **BACKGROUND**

To ensure that audit report recommendations are implemented in a timely manner, Section 196 of the City Administrative Manual (CAM) directs the Office to conduct a semiannual followup of outstanding recommendations.

Section 196 of the CAM classifies audit recommendations into three priority levels requiring specific implementation action.

- Priority 1 recommendations address fraud and serious violations, and significant fiscal or equivalent nonfiscal losses. Implementation action for Priority 1 recommendations is mandatory and immediate.
- Priority 2 recommendations address situations with the potential for incurring significant fiscal or nonfiscal losses. Implementation action for Priority 2 recommendations is also mandatory and within 60 days.
- Priority 3 recommendations address operational and administrative improvements. Implementation for Priority 3 recommendations is 60 days to 1 year.

#### **PROCEDURE**

##### ***A. City Auditor***

1. Upon receipt of the City Manager's Office response, directs that the response be included in the report and that the report be distributed to the Finance Committee.
2. Reviews and signs final report and transmittal letter.

##### ***B. Supervising Auditors***

1. Review the draft and final semiannual reports for technical accuracy before submission to the City Auditor.

C. *Audit Staff*

1. Verifies implementation of recommendations by various departments.
2. Updates verification sheets and drafts status report with the departmental responses.

D. *Administrative Staff*

1. Prepares and distributes the calendar for the next semiannual follow-up report period.
2. The week of the close of the six months, compiles a list of the unimplemented and partly implemented recommendations from the master list, plus any new recommendations from reports published since the last semiannual report.
3. Prepares Form 110-4 for distribution.
4. Forwards the Audit Recommendation Status Report forms to the City Manager's Office for distribution to the affected departments for their responses.
5. Upon receipt of Forms 110-4 from the City Manager's Office, checks departmental responses against list and notifies the City Manager's Office of any missing responses.
6. Distributes 110-4 to appropriate audit staff to verify department's responses.
7. Compiles auditor responses and updates draft status report. Incorporates any new recommendations into the Table and Graph. Updates the status of recommendations that have changed during the reported six months.
8. Prints draft report and distributes to the Supervising Auditors for review.
9. Forwards a copy of the draft report to the City Manager's Office for review and response.
10. Prepares final report for City Auditor's approval and signature.
11. Attaches City Manager's Office comments to final report and runs copies of report for Finance Committee distribution.
12. Forwards copies of "Semiannual Follow-up Recommendation" report to each affected department.

E. *City Manager's Office*

1. Collects and forwards department responses to the City Auditor's Office. Contacts departments if response is not returned in a timely manner.
2. Reviews and comments on the draft report, and returns it to the City Auditor's Office with response.